

Notice No.: 04-001

Date: January 12, 2004

Applies to: SERS Employers

Subject: New Automated Substitute
Reporting Requirements

Background

The 2003 Washington State Legislature passed Senate Bill (SB) 5094, which allows classified employees of school districts working as substitutes to purchase service credit in the same manner as certificated substitute employees. Effective July 27, 2003, you should no longer be taking retirement deductions for these types of employees but should be using the process you use for certificated substitutes.

New Reporting Requirements

The Department of Retirement Systems (DRS) will be requiring school districts and educational service districts to report substitute employees (certified and classified) in their employ on the transmittal report. The automation of substitute reporting is effective with the 2004-2005 fiscal/school year and is the result of conversations with members of the Washington Association of School Business Officials (WASBO) Payroll Personnel Retirement Committee. We anticipate this automated process will not only save staff time for both employers and DRS, but also improve the billing process for substitutes who purchase their service credit.

Within this Notice are the new type codes, plan information and associated rules required for reporting substitutes on the transmittal report. The attached document titled, [*How to Report Substitutes to DRS*](#), describes the new reporting rules (regular reporting or substitute reporting). The other attached document, [*How to Report Retirees Working as Substitutes*](#), clarifies the reporting rules when the substitute is a retiree from one of the DRS plans. Please provide this information to the appropriate systems development personnel so they can incorporate these requirements into your DRS reporting systems.

Summary of Changes

What Is New for Employers?

1. With the July 2004 transmittal report, employers are required to report TRS Plan 1 members working as substitute employees for their organization on the same transmittal report as the active members they report each month. Refer to the “Technical Specifications and Reporting Procedures” provided in this Notice.
2. As of the September 2004 transmittal report, employers are required to report TRS Plan 2 and 3 and SERS Plan 2 and 3 members and potential members working as substitute employees for their organization on the same transmittal report as the active members they report each month. Refer to the “Technical Specifications and Reporting Procedures” provided in this Notice.

What Administrative Rules Still Apply?

1. The current process of providing “quarterly reports” to certificated substitutes also applies to classified substitutes unless they are members of the Public Employees’ Retirement System (PERS) Plan 1. Refer to chapter 5 of the *DRS Employer Handbook* for a TRS example.
2. Each employer shall quarterly notify each substitute employee it has employed during the school year of the number of hours worked and the compensation paid to the substitute employee per RCW 41.35.033(5) and RCW 41.32.013 (4). Effective with the 2004-2005 fiscal/school year, the format DRS currently requires does not need to be used but the law still requires you provide written documentation to employees who are working as substitutes.
3. In order to continue considering PERS Plan 1 substitutes to be working in ineligible positions, a resolution per DRS Notice 92-007 is required. You must continue to monitor the hours worked to ensure the position status is correct for members of PERS Plan 1 who work as a substitute employees.
4. The appropriate Guide to Obtaining Service Credit application should be distributed at the end of the fiscal/school year. At a minimum, employers should provide written communication that reminds all substitutes of their options regarding the purchasing of service credit for services rendered as a substitute and how to acquire an application.
5. The employer must pay the required employer contributions upon notice (receipt of substitute invoice) from the department that the substitute employee has paid their contributions.

What Administrative Rules No Longer Apply?

1. Resolutions regarding ineligible positions per DRS Notice 92-007 no longer apply to members or potential members of SERS.

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2. Effective with the 2004-2005 fiscal/school year, the current “quarterly report” format will no longer need to be included with the Guide to Obtaining Service Credit application. However, you must continue to provide employees working as substitutes with the compensation and associated hours information using the current format or a different format. The employee still needs this information to create an estimate of the cost to purchase the service credit and per RCW 41.35.033(5) and RCW 41.32.013 (4).

What Is New for Substitutes?

1. For the 2004-2005 fiscal/school year and beyond, substitutes will no longer include “quarterly reports” with their Guide to Obtaining Service Credit application to DRS.

What Remains the Same for Substitutes?

1. Substitutes continue to have the option of submitting the appropriate Guide to Obtaining Service Credit application to DRS. The interest free period is six months from the end of the fiscal year (TRS Plan 1) or the school year (SERS Plan 2/3 and TRS Plan 2/3).
2. Substitutes should continue to use the compensation information provided via the “quarterly reports” to estimate their billing amount. The Guide to Obtaining Service Credit application provides a worksheet for substitutes to determine an estimated billing amount.

Employer Responsibilities and New Reporting Procedures

Technical Specifications and Reporting Procedures

1. Use Plan 0 to report all employees working as substitutes except for members of PERS.
2. Substitutes must be reported in the appropriate system as described below under the heading titled, How to Report to DRS. Employees working as substitutes can be reported with one of two valid system codes - T for TRS or E for SERS.
3. A begin date needs to be reported when a substitute begins working along with the member profile information you report for active members. An end date must be reported when a substitute separates from employment, or stops working as a substitute/begins working as active member (this requires an active member type code and begin date).
4. Use the following new Type Codes:
 - 39 for SERS substitutes
 - 79 for TRS substitutes
5. Use Status Code A to report all compensation and hours, (days for TRS Plan 1 members) each month a substitute works. Do not report contributions.
6. You may use Status Code B for any month a substitute does not work but it is not required.
7. You should use the appropriate cash out codes as needed.

How to Report to DRS

The attached document titled, [*How to Report Substitutes to DRS*](#) documents the different types of work performed by employees and the reporting method you should use. Unless the employee is working in two ineligible positions for your organization, you do not need to monitor the hours worked as a substitute but you do need to continue monitoring positions annually to ensure the position status (eligible or ineligible) is correct.

The attached document titled, [*How to Report Retirees Working as Substitutes*](#) documents how to report retirees you employ as substitutes to DRS.

Questions?

If you have any questions regarding this DRS Notice, please contact Employer Support Services at (360) 664-7200 or 1-800-547-6657, or e-mail us at DRSEmployer@DRS.wa.gov. This Notice can also be accessed on the DRS Web site at: www.drs.wa.gov/employer.

Dave Nelsen
Assistant Director of Administrative Services

2004 DRS Notices

For a copy of a Notice, call (360) 664-7169 or 1-800-547-6657, or
access on the DRS Web site at <http://www.drs.wa.gov/employer>.

Notice No.	Applies to/ Subject Matter
04-001	SERS Employers SB 5094 – New Substitute Reporting Requirements

How to Report Substitutes to DRS

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Employee	Service For You	Reporting Method
TRS Plan 1 Member	Substitute teaching only	TRS Substitute Reporting
	Substitute teaching + less than full-time contract	TRS Regular Reporting
	Substitute teaching + full-time contract	TRS Regular Reporting
	Full-time contract only	TRS Regular Reporting
	Less than full-time contract only	TRS Regular Reporting
	Substitute teaching + SERS eligible position	TRS Regular Reporting
	Substitute teaching + SERS ineligible position	TRS Regular Reporting
	Substitute teaching + SERS substitute	TRS Substitute Reporting
	SERS substitute only	TRS Substitute Reporting
TRS Plan 1 Former (Withdrawn) Member	Substitute teaching only	TRS Substitute Reporting
	Substitute teaching + less than full-time contract	TRS Substitute Reporting
	Substitute teaching + full-time contract	TRS Regular Reporting
	Full-time contract only	TRS Regular Reporting
	Less than full-time contract only	TRS Substitute Reporting (Optional **)
	Substitute teaching + SERS eligible position	SERS Regular Reporting
	Substitute teaching + SERS ineligible position	TRS Substitute Reporting
	Substitute teaching + SERS substitute	TRS Substitute Reporting
	SERS substitute only	SERS Substitute Reporting
TRS Plan 2 or TRS Plan 3 Member	Substitute teaching only	TRS Substitute Reporting
	Substitute teaching + TRS ineligible position*	TRS Substitute Reporting
	Substitute teaching + TRS eligible position*	TRS Regular Reporting
	TRS eligible position* only	TRS Regular Reporting
	TRS ineligible position* only	TRS Substitute Reporting (Optional **)
	Two TRS ineligible positions*; or TRS ineligible position* + SERS ineligible position	TRS Regular Reporting if combined hours meet the eligibility criteria. Otherwise TRS Substitute reporting.
	Substitute teaching + SERS eligible position	SERS Regular Reporting
	Substitute teaching + SERS ineligible position	TRS Substitute Reporting
	Substitute teaching + SERS substitute	TRS Substitute Reporting
	SERS substitute only	SERS Substitute Reporting

How to Report Substitutes to DRS

DRS Notice 04-001

Employee	Service For You	Reporting Method
SERS Plan 2 or SERS Plan 3	SERS substitute only	SERS Substitute Reporting
	SERS substitute + SERS ineligible position	SERS Substitute Reporting
	SERS substitute + SERS eligible position	SERS Regular Reporting
	SERS eligible position only	SERS Regular Reporting
	SERS ineligible position only	SERS Substitute Reporting (Optional **)
	Two SERS ineligible positions; or SERS ineligible position + TRS ineligible position*	SERS Regular Reporting if combined hours meet the eligibility criteria. Otherwise SERS Substitute reporting.
	Substitute teaching + SERS eligible position	SERS Regular Reporting
	Substitute teaching + SERS ineligible position	TRS Substitute Reporting
	Substitute teaching + SERS substitute	TRS Substitute Reporting
	Substitute teaching only	TRS Substitute Reporting
PERS Plan 1	Substitute teaching + PERS eligible position	PERS Regular Reporting
	Substitute teaching + PERS ineligible position	TRS Substitute Reporting

* The TRS eligible or ineligible position must be a contracted position.

** If you know the employee *does not* work for any other employer, substitute reporting is optional.

Effective with the 2004-2005 Fiscal/School Year, start using type code 39 or 79 and report employees working as substitutes on the transmittal report.

How to Report Retirees Working as Substitutes

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System/Plan Retired From	System/Position Working In	How to Report on the Transmittal Report
T1	TRS Substitute	Report all hours on TRS transmittal as T0 with type code 97
T1	Any other TRS position	Report all hours on TRS transmittal as T0 with type code 97
T1	SERS Substitute	Report all hours on SERS transmittal as E0 with type code 97
T1	SERS/PERS Eligible	Report all hours on SERS transmittal as E0 with type code 97
T1	SERS/PERS Ineligible	Report all hours on SERS transmittal as E0 with type code 97
T2/3	TRS Substitute	Report no hours, can work unlimited hours, report once as T0 with type code 99
T2/3	TRS Ineligible	Report no hours, can work unlimited hours, report once as T0 with type code 99
T2/3	TRS Eligible	Report all hours on TRS transmittal as T0 with type code 98
T2/3	SERS Substitute	Report no hours, can work unlimited hours, report once as E0 with type code 99
T2/3	SERS/PERS Eligible	Report all hours on SERS transmittal as E0 with type code 98
T2/3	SERS/PERS Ineligible	Report no hours, can work unlimited hours, report once as E0 with type code 99
P1	TRS Substitute	Report no hours, can work unlimited hours, report once as T0 with type code 99
P1	TRS Ineligible	Report no hours, can work unlimited hours, report once as T0 with type code 99
P1	TRS Eligible	Report all hours on TRS transmittal as T0 with type code 98
P1	SERS Substitute	Report no hours, can work unlimited hours, report once as E0 with type code 99
P1	SERS/PERS Eligible	Report all hours on SERS transmittal as E0 with type code 98
P1	SERS/PERS Ineligible	Report no hours, can work unlimited hours, report once as E0 with type code 99
E2/3	TRS Substitute	Report no hours, can work unlimited hours, report once as T0 with type code 99
E2/3	TRS Ineligible	Report no hours, can work unlimited hours, report once as T0 with type code 99
E2/3	TRS Eligible	Report all hours on TRS transmittal as T0 with type code 98
E2/3	SERS Substitute	Report no hours, can work unlimited hours, report once as E0 with type code 99
E2/3	SERS/PERS Eligible	Report all hours on SERS transmittal as E0 with type code 98
E2/3	SERS/PERS Ineligible	Report no hours, can work unlimited hours, report once as E0 with type code 99